



# U.S. Senate Committee on Commerce, Science, and Transportation

## **Section-By-Section Summary of the *American Infrastructure Investment Fund Act of 2011***

### **Section 1: Short Title; Table of Contents.**

This section would provide that this Act be cited as the “American Infrastructure Investment Fund Act of 2011.” (AIIF Act) This section includes a table of contents for this Act.

### **Section 2: American Infrastructure Investment Fund**

This section would add a new subchapter to Chapter 3 of Title 49 to establish the American Infrastructure and Investment Fund within the Office of the Secretary of the Department of Transportation (DOT). This subchapter would have the following sections:

#### **361. Definitions**

This section would define the terms being used in the bill.

#### **362. Establishment of Fund**

This section would establish the ‘American Infrastructure Investment Fund’ (Fund) in the DOT. The primary objective of the Fund would be to invest in projects that provide measurable improvements to the economic competitiveness of the United States. It also would establish secondary objectives for the Fund to provide funding for projects with significant funding barriers due to difficulties coordinating between multiple modes or jurisdictions and projects that would improve regional network efficiency, safety, and have environmental benefits. This section would require the Executive Director of the Fund to develop a strategy to advance the primary and secondary objectives.

This section would direct the Executive Director of the Fund to publish within one year after enactment of the AIIF Act an Investment Prospectus. The Prospectus would specify what will be considered significant to the economic competitiveness of the United States, state the priorities and strategic focus of the Fund, and describe in detail the framework and methodology for calculating project qualification scores. The Prospectus would describe what must be included in an application and how applications will be evaluated and selected. This section would require the Fund to update the Prospectus every two years.

This section would also direct the Executive Director of the Fund to establish and publish within one year after enactment of the AIIF Act Operating Guidance that would establish the Fund's operating procedures, criteria for assistance, application and award process for loans, and disclosure and application process application solicitations. This section would require that the Fund periodically review and update its Operating Guidance.

### 363. Organizational structure and duties

This section would establish the organizational structure of the Fund. The Fund would have a qualified Executive Director appointed by the President and confirmed by the Senate for a five year term. The Executive Director would operate the day to day operations of the Fund, and would supervise a staff of economists, finance professionals, and project management professionals.

This section would establish a seven member Board of Directors for the Fund that would include the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Energy, and four executives from the DOT appointed by the Secretary of Transportation. The Board would be responsible for creating, updating and reviewing the Investment Plan and Investment Prospectus. A majority vote would be required for the Board to reach all actions and decisions.

This section would create a five to seven member Fund Advisory Committee of subject-matter experts that would help ensure Fund actions are aligned with its objectives and Investment Prospectus.

### 364. Fund authorities and assistance

This section would authorize the Fund to utilize DOT for technical expertise and guidance and to allow the Fund to establish and collect fees from applicants to cover the costs of loan servicing.

This section would authorize the Fund to provide loans to fund activities relating to the planning, preparation, or design of a specific eligible project proposal. This section would direct the Fund to give priority loans to projects that align with the goals and objectives of the Fund. This section would also authorize the Fund to forgive planning and feasibility loans and to cover up to 100 percent of eligible planning and feasibility costs.

This section would authorize the Fund to make direct loans to eligible funding recipients. An eligible funding recipient would be a non-Federal governmental entity, agency, or instrumentality; or a nongovernmental entity, such as a corporation, partnership, joint venture, or other instrumentality that has the support of a non-Federal governmental entity, agency, or instrumentality. Projects would not be eligible for direct loans under certain conditions. The interest rate for direct loans would be set by the benchmark on

marketable Treasury securities, and direct loans would not be able to exceed 70 percent of total eligible project cost. The Fund would be required to establish repayment terms for each direct loan based on the projected cash flow from project revenues.

This section would authorize the Fund to provide loan guarantees to eligible recipients. This section would authorize the Fund to negotiate the interest rate of a loan guarantee and would prevent the Fund from assuming a loan guarantee for more than 80 percent of the potential loss of the loan. The Attorney General would be authorized to take action to enforce improprieties relating to loan guarantees in this section. The Fund's would be required to maintain a portfolio of projects whose average rating is not less than investment grade.

This section would define the eligibility for applications. A project eligible for financial assistance from the Fund would be greater than \$50,000,000 in value (or greater than \$10,000,000 in rural areas), and would need outside funding equal to at least 30 percent of the costs.

This section would specify that funding decisions must be made by the Board within 15 days after receiving a completed application. If the Board recommends funding, the completed application would be forwarded to the Secretary for consideration. Neither the Board nor Secretary would be able to make any modifications to investment plans. The Secretary would be required to make a detailed justification for rejecting an application recommended by the Board. Any such plan would be eligible to be re-submitted one year later.

### 365. Studies and Reports

This section would require a series of annual, semiannual and biannual reports on the Fund's performance, including an annual audit by an independent public accounting firm and an annual performance evaluation by the Comptroller General. Finally, the Fund's Executive Director would be required to publish semiannual reports describing the Fund's activities and the status of each application before the Fund. This section would require a report from the Fund Advisory Committee 90 days after every the Board's decision on an Investment Plan, explaining the consistency funded projects with the objectives of the Fund.

### 366. Authorization of Appropriations

This section would authorize the Fund to receive \$5,000,000,000 in both fiscal year (FY) 2012 and FY 2013. Administrative expenses would not exceed \$50,000,000 in FY 2012 and \$51,000,000 in FY 2013.

### **Section 3: National Infrastructure Investment Grants.**

This section would establish a competitive grant program to fund projects that will have a significant impact on the Nation, a metropolitan area, or a region. An eligible recipient for a grant under this section includes a State, a political subdivision of States, a government-sponsored authority or corporation, a transit agency, and the District of Columbia. Projects eligible for grants under this section include passenger and freight rail lines, highways, bridges, airports, air traffic control systems, ports or marine facilities, inland waterways, transmission or distribution pipelines, public transportation systems, intercity passenger bus or rail facilities or equipment; and freight rail facilities or equipment.

This section would provide competitive project selection criteria for the Secretary to use in evaluating applicant submissions. The Secretary would also be required to give priority to projects that have the highest system performance improvement relative to their benefit-cost analysis. The Federal share of a grant made under this section shall not exceed 80 percent of the project net capital cost. The Secretary would be authorized to issue a letter of intent to an applicant for an eligible project, and would be required to establish an oversight program for these funds. This section would authorize \$600,000,000 for fiscal years 2012 and 2013 to carry out this section.

### **Section 4: Multi-Modal Transportation Funding.**

This section would provide increased flexibility to States to obligate apportioned Federal formula dollars for passenger rail, freight rail, and port infrastructure projects.